

Message Text

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43

ACTION AID-31

INFO OCT-01 EUR-12 ISO-00 EB-07 TRSE-00 OMB-01 SAM-01 PA-01

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 3078

INFO USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

USMISSION OECD PARIS

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MADRID PASS TO AMBASSADOR CARLUCCI

EO 11652: N/A

TAGS: EFIN, EAID, IBRD, PO

SUBJ: WORLD BANK VISIT EVOKES CRY FROM PRIVATE SECTOR

1. IBRD VICE PRESIDENT MARTIN BENJECK ARRIVED IN LISBON JUNE 9 FOR FOUR-DAY VISIT. VISIT IS SECOND STAGE OF NEGOTIATIONS FOR IBRD AID TO PORTUGAL, WITH CONCRETE PROJECTS TO BE SUBJECT OF FUTURE THIRD STAGE.

2. THIS IS BENJECK'S THIRD VISIT SINCE NOVEMBER 1974. THE LAST VISIT WAS AS PART OF TEAM WHICH PREPARED REPORT FOR IBRD. REPORT WAS DELIVERED TO PORTUGUESE GOVERNMENT LAST MONTH. BENJECK IS ALSO TO PREPARE REPORT ABOUT PORTUGUESE ECONOMIC SITUATION.

3. BENJECK IS HOLDING MEETINGS WITH PRIME MINISTER, ALL MINISTERS IN ECONOMIC AREA, MINISTERS WITHOUT PORTFOLIO ALVARO CUNHAL AND LIMITED OFFICIAL USE

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PEREIRA DE MOURA, AND LEADERS OF INTERSINDICAL AND CONFEDERATION

OF PORTUGUESE INDUSTRY (CIP).

4. CIP PRESIDENT VASCO DE MELO TOOK ADVANTAGE OF CONVERSATION TO STRONGLY CRITICIZE UNCERTAINTY IN WHICH PRIVATE SECTOR EXPECTED TO OPERATE. IN STRONGEST STATEMENT TO DATE FROM CIP, WHICH HAS BEEN LARGELY SILENT ABOUT RECENT GOVERNMENT ECONOMIC MEASURES, DE MELO SAID THAT CIP IS NOT OPPOSED TO LEFTIST ORIENTATION IF COUNTRY WANTS IT, BUT GOVERNMENT SHOULD ASK ARMED FORCES TO DEFINE HOW FAR THEY ARE GOING TO MOVE. HE POINTED OUT THAT PRIVATE SECTOR CANNOT BE REQUIRED TO OPERATE NORMALLY IN ABSENCE OF SUCH A DEFINITION. DE MELO ALSO POINTED OUT THAT BEFORE IBRD CAN MAKE LOAN IT HAS TO KNOW THE EXISTING RULES IN ORDER TO KNOW WAY FINANCING WILL BE USED.

5. COMMENT: A. STATEMENT BY CIP PRESIDENT WAS CARRIED (ALTHOUGH SOMEWHAT BURIED) IN DIARIO DE NOTICIAS.

B. IT WILL BE INTERESTING TO SEE HOW WILLING IBRD WILL BE TO EXTEND LOAN IN VIEW OF DE MELO'S FULLY-JUSTIFIED COMPLAINTS. IT WILL ALSO BE INTERESTING TO SEE IF PRIVATE SECTOR WILL NOW START MAKING PUBLIC THOSE GRIEVANCES WHICH UNTIL NOW HAVE REMAINED MOSTLY PRIVATE.

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Message Attributes

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Margaret P. Grafeld
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